



Georgia Sales and Use Tax Informational Bulletin House Bill 22 and House Bill 364 – Motor Vehicle Transactions

July 14, 2005

The 2005 General Assembly passed two new pieces of legislation that will have an impact on motor vehicle transactions, House Bill 22 and House Bill 364. Both bills were signed into law by Governor Sonny Perdue. The following information is being provided to all County Tax Commissioners and County Tag Agents as a general explanation of each bill and to provide guidance into the administration of both bills.

House Bill 22 ("HB 22"), **which is effective July 1, 2005**, amended O.C.G.A. § 48-8-2(8) to change the way that Georgia sales tax is collected on transactions involving the sale, lease, or rental of motor vehicles to Georgia residents. As a result of the enactment of HB 22, the sales tax rate will now be determined by using the state and local tax rate of the county in which the vehicle will be registered. Previously, dealers were responsible for collecting sales tax based on the state and local sales tax rate for the county where the purchaser took possession of the vehicle, which may not have been the county where the vehicle was ultimately registered. In other words, after the enactment of HB 22, motor vehicle dealers making sales to Georgia residents will need to determine the county where the vehicle is going to be registered by the purchaser and collect the appropriate sales tax based upon the county of registration.

As a result, the change contained in HB 22 will change the way motor vehicle dealers collect, report, and remit sales and use taxes to the Georgia Department of Revenue. The bill will not change how county tag agents/offices operate. Therefore, county tag agents/offices will have no additional responsibilities as a result of this bill.

House Bill 364 ("HB 364"), **which is not effective until January 1, 2006**, amended O.C.G.A. § 40-3-20 to require that proof be presented to the county tag agent that Georgia state and local sales and use taxes have been paid or are not due prior to processing a motor vehicle title application for a vehicle that was purchased outside the state. Therefore, HB 364 will affect the county tag agents/offices by requiring county tag agents/offices to verify that Georgia state and local sales and use taxes have been paid or are not due prior to processing a Georgia motor vehicle title. While this verification must be performed, the taxpayer applying for the title, not the county, is responsible for providing the necessary documentation to show that Georgia sales or use tax has been paid or is not due on the motor vehicle purchase. The Department is in the process of developing guidelines for county tag agents to assist them in identifying the proper documentation that will be needed prior to processing a title application. The guidance will be sent to county tag agents/offices in ample time to ensure the successful implementation of this bill. At this point, county tag agents/offices need not do anything different with respect to their operations since HB 364 is not effective until January 1, 2006.

Please remember that neither of these bills placed a responsibility upon the County or the County Tag Agent to collect Georgia state and/or local sales and use taxes.